

Shumaker, Loop & Kendrick, LLP
Steven M. Berman, Bar No. 256846
sberman@shumaker.com
101 East Kennedy Boulevard
Suite 2800
Tampa, Florida 33602
Telephone: 813.229.7600
Facsimile: 813.229.1660

Attorneys for Defendant
Sharon Day

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

CATALINA YACHTS, INC., a
California Corporation,

Plaintiff,

v.

SHARON DAY, an individual;
GERARD DOUGLAS, an individual;
and DOES 1 through 10, inclusive,

Defendants

GERARD DOUGLAS,

Plaintiff

v.

Defendant

and

SHARON DAY,
Counterclaim Plaintiff,

v.

Case No. 2:25-CV-04090-SVW-RAOx

**AMENDED ANSWER AND
COUNTERCLAIMS OF
DEFENDANT SHARON DAY**

Hon. Stephen V. Wilson
United States District Judge
Courtroom 10A
Action Filed: May 7, 2025

JURY TRIAL DEMANDED

1 CATALINA YACHTS, INC.,
2 a California Corporation,
3 Counterclaim Defendant.
4
5

6
7 Defendant/Counterclaimant, Sharon Day (hereinafter “Day”) by and through
8 undersigned counsel, hereby files this Amended Counterclaim¹ against
9 Plaintiff/Counter-Defendant Catalina Yachts, Inc., pursuant to Rule 15(a)(1)(A) of
10 the Federal Rules of Civil Procedure. No responsive pleading to the original
11 Counterclaim has been filed; therefore, Counterclaimant files this Amended
12 Counterclaim as a matter of right.

13 COUNTERCLAIMS

14 Counter-Plaintiff Day (“Day”), by and through her counsel, alleges as against
15 Counter-Defendants, Catalina Yachts, Inc., as follows:
16

17 Jurisdiction, Justiciability, and Venue

- 18 1. Day is currently a resident of the State of Nevada.
- 19 2. Upon information and belief, Catalina Yachts, Inc., (“Catalina”) is a
20 California corporation with a place of business in Los Angeles County, California,
21 and is owned by various family trusts created by Frank and Jean Butler.
- 22 3. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332
23 because there is complete diversity of citizenship between Catalina and Defendant
24 Day and Gerard Douglas and because the amount in controversy exceeds the
25 jurisdictional minimum of \$75,000.
- 26 4. This Court has subject matter jurisdiction over the Counterclaims
27

28 ¹ This filing does not amend Day’s Answer to the Complaint, (Doc. No. 46), and
that pleading remains as filed.

1 pursuant to 28 U.S.C § 1367(a).

2 5. This Court has personal jurisdiction over Catalina Yachts.

3 6. This Court has determined venue is proper in the Central District of
4 California because a substantial part of the events or omissions giving rise to the
5 claim occurred in Los Angeles County.

6
7 **Factual Allegations**

8 7. Day began a five-decade long career at Catalina Yachts, Inc., (“Catalina
9 Yachts”) in Woodland Hills, California, as an Administrative Assistant to the
10 President back in July 1974. She was soon promoted to Office Manager, and
11 eventually advanced to become the Vice-President of Sales. In that role, she focused
12 on developing sales strategies and coordinating efforts with Catalina dealers
13 throughout the United States and internationally.

14 8. In 2001, Frank Butler, the founder of Catalina Yachts, was quoted as
15 saying Day and Defendant Douglas “really have had more to do with the success
16 we’ve had than anyone else.” (CATALINA YACHTS: ONE BIG FAMILY; Steve Mitchell;
17 available at
18 <https://www.catalina22.org/index.php/cruising?view=article&id=56&catid=20>;
19 visited 7/28/2025).²

20 9. On November 18, 2002, Day, Jean Butler (individually), and Frank
21 Butler (as President of Catalina Yachts and individually) executed the Bonus
22 Compensation Agreement, which is attached to the Complaint as Exhibit 2. (Doc.
23 No. 1-1).

24 10. Day was employed by Catalina Yachts when she signed the Bonus
25 Compensation Agreement.

26 11. Catalina Yachts offered Day this Bonus Compensation Agreement to
27

28 ² Attached as Exhibit 1.

1 secure her continued employment, as evidenced by the Recitals, which provide,
2 “Employee is a key employee of Catalina and a Director of Catalina Yachts
3 Catalina wishes to retain Employee’s services.” (Doc. No. 1-1, p. 2, Recitals ¶ A-B).

4 12. The Bonus Agreement also identified all issued and outstanding shares
5 of stock as being owned by nine separate Butler Family Trusts, defined as a group
6 and referenced in the document as the “Butlers.” (Doc. No. 1-1, p. 2, Recital ¶ C).

7 13. Under the Bonus Compensation Agreement, the “Bonus is Earned” if
8 Day continued working full-time for Catalina “until the earlier of: (i) the sale of
9 Catalina; or (ii) seven and one-half (7-1/2) years from the date of execution of this
10 Agreement.” (Doc. No. 1-1, p. 2 Recital ¶ 1.1).

11 14. The Bonus Compensation Agreement defined the “Sale of Catalina” to
12 include “sale of the Butlers’ stock **or** sale of all of Catalina’s assets.” (Doc. No. 1-1,
13 p. 2, Recital ¶ 1.1 (emphasis in original)).

14 15. The Bonus Compensation Agreement provided for the payment of a
15 bonus to Day as “additional compensation equal to five percent (5%) of the: (i) net
16 sales price; or (ii) value of Catalina, whichever is appropriate.” (Doc. No. 1-1, p. 3
17 ¶1.2). Under the express terms, “The Bonus paid to Employee shall be no less than
18 one million (\$1,000,000).” (Doc. No. 1-1, p. 3, Recital ¶ 1.4).

19 16. If the bonus was to be determined based upon the value of Catalina
20 Yachts, the Bonus Compensation Agreement required Catalina Yachts to “select an
21 independent, professional appraiser. . . [to] determine Catalina’s fair market value.”
22 (Doc. No. 1-1, p. 3, Recital ¶1.3).

23 17. In 2010, Day’s right to the bonus vested because she had completed
24 seven and one-half years of employment following execution of the Bonus
25 Compensation Agreement.

26 18. Throughout her employment and continuing until his passing in 2020,
27 Frank Butler repeatedly reaffirmed Catalina’s obligation to Day and stated she would
28

1 be paid in full, pursuant to the Bonus Compensation Agreement. Mr. Butler often
2 made these comments in front of others, including Jean Butler, the Butlers' adult
3 children, and Sharon Day's husband.

4 19. Following the passing of Catalina Yachts' founder and President Frank
5 Butler in 2020, Catalina Yachts appointed Day to be his successor to assume the role
6 and responsibilities of President of Catalina Yachts, continuing to lead the company
7 with a commitment to its legacy and growth.

8 20. In 2021, Day moved to Florida and worked almost exclusively at
9 Catalina Yachts' offices in Florida.

10 21. Following the passing of Mr. Butler, Jean Butler continued to repeatedly
11 reaffirm Catalina's obligation to Day that she would be paid pursuant to the Bonus
12 Compensation Agreement. Ms. Butler made statements including "you will be taken
13 care of" and "you will get your money" referring to the Bonus Compensation
14 Agreement.

15 22. During her employment, Day also communicated almost weekly with
16 the Butlers' daughter Nancy Bear, who repeatedly reaffirmed Catalina Yachts'
17 obligation to Day that she would be paid pursuant to the Bonus Compensation
18 Agreement and made statements like "you deserve that."

19 23. Day relied on these statements when she moved to Florida and
20 continued her employment.

21 24. On December 2, 2024, with the assistance of Catalina's counsel, Day
22 formally submitted her agreed retirement documents and stepped down as President.

23 25. Day remained employed with Catalina Yachts, in part, because she had
24 earned the bonus in an amount to be determined under the Bonus Compensation
25 Agreement.

26 26. On February 14, 2025, Michael Reardon ("Reardon") learned that
27 Catalina Yachts, Inc. ("Catalina") was potentially for sale. Mr. Reardon learned this
28

1 information at the Miami Boat Show, when he first met Patrick Turner, who was then
2 the President of Catalina

3 27. In early March 2025, Michael Reardon entered into negotiations with
4 Marc Reese and Russell Berney to purchase the assets of Catalina.

5 28. At all times, Mr. Reese and Mr. Berney acted on behalf of the ownership
6 of and for Catalina.

7 29. The negotiations culminated in an agreement to purchase the assets of
8 Catalina, as memorialized in the signed, confidential Asset Purchase Agreement
9 dated April 23, 2025.

10 30. Toward the end of April 2025, and prior to execution of the Asset
11 Purchase Agreement, Mr. Reardon learned from Ms. Day's counsel that Ms. Day had
12 an employment agreement that promises a payment upon the sale of Catalina.
13 Catalina had not previously disclosed this obligation to Mr. Reardon.

14 31. Mr. Reardon did not agree to take on this liability, so the Asset Purchase
15 Agreement, which was still being negotiated, was revised at that time to exclude any
16 liability, related to Ms. Day's employment contract, somehow being transferred to
17 Mr. Reardon.

18 32. Mr. Berney and Mr. Reese informed Mr. Reardon, during negotiations,
19 that Catalina was aware of the obligation to pay Ms. Day following consummation
20 of the revised Asset Purchase Agreement. Mr. Berney and Mr. Reese told Mr.
21 Reardon clearly Catalina was aware of and would pay the obligation to Ms. Day
22 following the asset sale closing and that Mr. Reardon would not be responsible for it.

23 33. Mr. Reardon indicated no other similar liability was disclosed during his
24 negotiations to purchase the assets of Catalina.

25 34. Upon information and belief, Catalina sold its assets used or useful in
26 the operation of its business to Michael Reardon and/or a related entity on or about
27 April 23, 2025.

1 35. Upon information and belief, Catalina Yachts structured the sale to
2 attempt to avoid triggering the obligation to pay Day the Vested Bonus by purporting
3 to sell fewer than all of Catalina Yachts' assets and none of its stock.

4 36. As a result of this transaction, Catalina became insolvent or was left with
5 insufficient assets with which to honor its obligations to creditors.

6 37. Catalina's sale of all of the assets used and/or useful in the operation of
7 its business in April 2025 obligated Catalina to pay Day under the terms of the Bonus
8 Compensation Agreement.

9 38. After learning of the sale, Day, through counsel, demanded Catalina pay
10 the bonus owed pursuant to the Bonus Compensation Agreement. Catalina, through
11 counsel, never disputed owing the bonus pursuant to the Bonus Compensation
12 Agreement and indicated it would pay the bonus pursuant to the Bonus
13 Compensation Agreement. A copy of correspondence with counsel is attached as
14 Exhibit 3.

15 39. Subsequently, Catalina refused and continues to refuse to pay the bonus
16 Day is entitled to receive under the Bonus Compensation Agreement.

17
18 **Count One – Breach of Contract**
19 **(Against Catalina)**

20 40. Day restates Paragraphs 1-39 of the Counterclaims and incorporates
21 those allegations by reference as if fully set forth herein.

22 41. Catalina and Day entered into the Bonus Compensation Agreement,
23 which is a valid and enforceable contract.

24 42. After executing the Bonus Compensation Agreement, Day continued
25 her employment with Catalina for more than seven and a half years.

26 43. Day performed all obligations, covenants, and conditions, including
27 conditions precedent, required of her under the Bonus Compensation Agreement,
28

1 except to the extent any such obligations, covenants, or conditions have been
2 excused, prevented, or waived by Catalina's acts or omissions.

3 44. Under the express provisions of the Bonus Compensation Agreement,
4 Catalina Yachts became obligated to pay Day in April 2025 upon the sale of all of
5 the assets used and/or useful in the operation of the business.

6 45. During negotiations for the sale of Catalina, Catalina and its agents
7 admitted to the obligation under the Bonus Compensation Agreement and promised
8 to pay under the Bonus Compensation Agreement upon the sale of Catalina.

9 46. Catalina Yachts breached the Bonus Compensation Agreement by
10 failing to pay Day five percent (5%) of Catalina Yacht's fair market value, or one
11 million dollars (\$1,000,000), whichever is greater, which was triggered when
12 Catalina sold all of the assets used and/or useful in the operation of the business to
13 Reardon.

14 47. As a direct and proximate result of Catalina's actions, Day has suffered
15 and will continue to suffer damages in an amount in excess of \$75,000 to be proven
16 at trial.

17
18 **Count Two – Breach of Duty of Good Faith and Fair Dealing**
19 **(Against Catalina)**

20 48. Day restates Paragraphs 1-39 of the Counterclaims and incorporates
21 those allegations by reference as if fully set forth herein.

22 49. Catalina and Day entered into the Bonus Compensation Agreement,
23 which is a valid and enforceable contract, and by executing the contract, Catalina
24 provided Day an implied covenant of good faith and fair dealing.

25 50. Upon information and belief, in derogation of its covenant of good faith
26 and fair dealing, Catalina structured the sale of all Catalina's assets used and/or useful
27 in the operation of its business in April 2025 to prevent Day from recovering a bonus
28

1 under the Bonus Compensation Agreement that would have occurred if Catalina had
2 sold the stock to the acquirer of the assets.

3 51. Upon information and belief, Catalina's deceitful and intentional
4 actions, in structuring the sale of all of the assets used and/or useful in the operation
5 of its business, have made performance of the obligation to pay the Vested Bonus
6 impossible and frustrated Day's right to receive a bonus owed pursuant to the Bonus
7 Compensation Agreement.

8 52. As a direct and proximate result of Catalina Yacht's actions, Day has
9 suffered and will continue to suffer damages in an amount in excess of \$75,000 to be
10 proven at trial.

11
12 **Count Three – Promissory Estoppel**
13 **(Against Catalina)**

14 53. Day restates Paragraphs 1-39 of the Counterclaims and incorporates
15 those allegations by reference as if fully set forth herein.

16 54. Catalina, through its then-President Frank Butler, as well as Jean Butler
17 and other shareholders of Catalina, made numerous representations that Day would
18 receive her bonus owed under the Bonus Compensation Agreement upon the sale of
19 Catalina.

20 55. Day relied on the oral and written representations to her detriment.

21 56. She continued her employment with Catalina, moved from California to
22 Florida, did not seek alternative employment or business arrangements, and planned
23 her retirement on the assumption that he would receive additional compensation from
24 the Vested Bonus due to Catalina's repeated assurances that she would be paid the
25 Vested Bonus upon the sale of Catalina's assets.

26 57. As a direct and proximate result of Catalina's actions, Day has suffered
27 and will continue to suffer special and general damages in an amount in excess of
28 \$75,000 to be proven at trial.

**Count Four – Fraudulent Transfer of Assets 72. Cal. Civ. Code § 3439.04
(Against Catalina)**

58. Day restates Paragraphs 1-39 of the Counterclaims and incorporates those allegations by reference as if fully set forth herein.

59. Under California Law, a “transfer made or obligation incurred by a debtor is voidable as to a creditor, whether the creditor's claim arose before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation . . . [w]ith actual intent to hinder, delay, or defraud any creditor of the debtor.” Civ. Code § 3439.04.

60. At all times relevant hereto, Catalina was a debtor of Day and Day was a creditor of Catalina by virtue of her entitlement to bonus compensation in the amount of not less than \$1,000,000 that vested on May 18, 2010, pursuant to the Bonus Compensation Agreement.

61. Upon information and belief, in April 2025, while Catalina was indebted to Day, Catalina purported to transfer its assets used and/or useful in the operation of its business to Mr. Reardon and/or an entity associated with Mr. Reardon.

62. Upon information and belief, Catalina made the transfer with the intent to hinder, delay, or defraud Day.

63. Upon information and belief, Catalina transferred and Reardon received all of Catalina’s assets used and/or useful in the operation of its yacht manufacturing and sales business without receiving a reasonably equivalent value in exchange for the transfer of assets.

64. Upon information and belief, Catalina engaged in the transaction and its remaining assets were unreasonable small in relation to the transaction.

65. Upon information and belief, Catalina is liable for damages resulting from the fraudulent transfer consistent with California law.

66. As a direct and proximate result of Catalina Yacht’s actions, Day has

1 suffered and will continue to suffer damages in an amount in excess of \$75,000 to be
2 proven at trial.

3
4 **PRAYER FOR RELIEF**

5 WHEREFORE, Counter-Plaintiff Sharon Day respectfully requests that this
6 Court enter judgment as follows on Plaintiff's Complaint and the Counterclaims:

7 1. In response to Plaintiff's claim for declaratory relief, a declaration that
8 Catalina Yachts owes Day a bonus payment under the Bonus Compensation
9 Agreement and that Day is entitled to receive the bonus under the Bonus
10 Compensation Agreement;

11 2. Judgment in favor of Day on the Counterclaims as follows:

12 a. Damages in the amount to be proven at trial but not less than one
13 million dollars (\$1,000,000);

14 b. A declaration that the transfer of assets from Catalina Yachts, Inc. to
15 Reardon and/or an entity associated therewith constituted a voidable
16 transfer under California Civil Code §§ 3439 et seq., an order
17 damages consistent with Day's claim; and an accounting of all assets
18 transferred;

19 c. Pre-judgment and post-judgment interest at the legal rate;

20 d. Reasonable attorneys' fees and costs of suit; and

21 e. Such other and further relief as this Court deems just and proper.

22 3. Day hereby demands a trial by jury on all issues so triable.
23
24
25
26
27
28

1 Dated: October 3, 2025

SHUMAKER, LOOP & KENDRICK,
LLP

Steven M. Berman

By: /s/ Steven M. Berman

Steven M. Berman

Attorney for Defendant

SHARON DAY